

Message Text

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PAGE 01 HELSIN 01411 091054Z

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
DOE-15 XMB-04 OPIC-06 PM-05 /137 W
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FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC 2698

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E.O. 11652: N/A

TAGS: BEXP, FI

SUBJECT: UNDER SECRETARIAL TASK FORCE ON US FOOTWEAR: CONTINUING
IDENTIFICATION OF TRADE OPPORTUNITIES FOR LEATHER SHOES AND
BOOTS

REF: STATE 089279

1. SUMMARY: THE FINNISH ARMED FORCES PLACE ALL MILITARY FOOT-
WEAR CONTRACTS WITH DOMESTIC SUPPLIERS. HOWEVER, THEY ARE
OPEN TO OFFERS OF SAMPLE SALES OF SPECIAL BOOTS AND SHOES FOR
TESTING PURPOSES. THE STATE PROCUREMENT CENTER IS WILLING TO
CONSIDER OFFERS/BIDS FROM U.S. SUPPLIERS. THE PROSPECT FOR
ACCEPTANCE OF SUCH OFFERS/BIDS IS REMOTE. SALES OF U.S.
FOOTWEAR THROUGH NORMAL RETAIL CHANNELS HAVE LIMITED POTENTIAL
DUE TO DIFFERENCES IN U.S./FINNISH SHOE LASTS AND THE HIGH
LANDED PRICE OF U.S. SHOES AND BOOTS.

2. OVER THE PAST SEVERAL MONTHS THE POST HAS BEEN REQUESTED
TO SEEK OUT FINNISH AGENTS AND DISTRIBUTORS FOR U.S. FOOTWEAR
UNDER THE DEPARTMENT OF COMMERCE AGENT AND DISTRIBUTOR
SERVICE (ADS) PROGRAM. WE HAVE RECEIVED ALSO A DIRECT
REQUEST (FROM GENESCO INC., UNIVAR EXPORT DIVISION,
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PAGE 02 HELSIN 01411 091054Z

NASHVILLE, TENNESSEE 37202) TO SEEK DIRECT SALES OPPOR-
TUNITIES AMONG OFFICIAL CENTRAL PROCUREMENT ENTITIES.
IN COMPLYING WITH THESE REQUESTS AS WELL AS WITH REFTTEL
WE HAVE DEVELOPED THE FOLLOWING INFORMATION.

3. THE FINNISH ARMED FORCES PLACE ALL MILITARY FOOT-
WEAR CONTRACTS WITH DOMESTIC SUPPLIERS AS PART OF THEIR

OVERALL POLICY OF MAINTAINING A HIGH LEVEL OF DOMESTIC SELF-SUFFICIENCY. HOWEVER, RECOGNIZING THE NEED TO KEEP ABREAST OF IMPROVEMENTS IN MILITARY FOOTWEAR, THE FINNISH MILITARY WILL CONSIDER PURCHASE OF SPECIAL SHOE AND BOOT SAMPLES FOR TESTING PURPOSES. THE ULTIMATE PURCHASE FOR GENERAL MILITARY USE OF MODELS FOUND DESIRABLE WOULD REQUIRE THAT THEY BE MANUFACTURED IN FINLAND.

4. THE STATE PROCUREMENT CENTER (VALTION HANKINTAKESKUS VHK) PURCHASES SHOES AND BOOTS FOR THE POSTAL SERVICE, FIRE DEPARTMENTS, AND OTHER GOVERNMENT AND QUASI-GOVERNMENT ENTITIES. THE PROCUREMENT CENTER INFORMED US THAT IT IS WILLING TO CONSIDER OFFERS/BIDS FROM U.S. COMPANIES AS WELL AS OTHER NON-FINNISH SUPPLIERS. PURCHASES ARE BASED ON PRICE, ALL ELSE BEING EQUAL.

5. THROUGH OUR CONTACTS WITH LOCAL TRADERS IN THE FOOTWEAR LINE WE HAVE FOUND THAT U.S. PRODUCTS HAVE ONLY LIMITED SALES POTENTIAL. THIS IS DUE TO THE FACT THAT U.S. SHOE LASTS ARE NOT DESIGNED FOR THE AVERAGE FOOT CHARACTERISTICS FOUND HERE, AND THE LANDED PRICE OF U.S. FOOTWEAR IS INVARIABLY HIGHER THAN FOR SIMILAR ITEMS IMPORTED FROM EUROPEAN AND OTHER SOURCES.

6. THE DUTY RATE ON FOOTWEAR IMPORTED FROM THE U.S.
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PAGE 03 HELSIN 01411 091054Z

RANGES BETWEEN 11.5 PERCENT TO 20 PERCENT DEPENDING ON TYPE. IMPORTS FROM THE EEC AND EASTERN EUROPEAN COUNTRIES ARE SUBJECT TO RATES 2-5 PERCENTAGE POINTS LOWER WHILE IMPORTS FROM EFTA COUNTRIES ARE FREE OF DUTY.

7. PRODUCTS THAT HAVE SALES POTENTIAL HERE ARE SPECIALTY PRODUCTS SUCH AS WESTERN BOOTS, SPORT SHOES AND DECK WEAR. EVEN IN THESE LINES THE VOLUME IS SMALL.

8. WE HAVE NOT BEEN ABLE TO OBTAIN INFORMATION REGARDING THE TIMING AND QUANTITY OF PURCHASES TO BE MADE IN THE NEAR FUTURE.

9. U.S. COMPANIES WISHING TO MAKE OFFERS TO THE OFFICIAL ENTITIES IDENTIFIED ABOVE MAY DIRECT THEIR CORRESPONDENCE AS FOLLOW:

A. GENERAL HEADQUARTERS
QUARTERMASTER SECTION
ETELAINEN MAKASIININKATU 8
SF-00130 HELSINKI 13, FINLAND

ATTN: COMMODORE T. KUPARINEN

B. VALTION HANKINTAKESKUS (VHK)

KAUKUKATU 3
SF-00530 HELSINKI 53, FINLAND
ATTN: MR. LAURI HAMALAINEN

POST COMMENT: DESPITE THE STATE PROCUREMENT CENTER'S
(VHK) STATEMENT THAT IT IS WILLING TO CONSIDER OFFERS/
BIDS FROM U.S. SUPPLIERS, THE POST BELIEVES THE CHANCES
OF U.S. FIRMS TO MAKE SALES TO THAT AGENCY ARE REMOTE.
DOMESTIC POLITICAL AS WELL AS ECONOMIC FORCES ADVOCAT-
ING "BUY FINNISH" ARE SUCH THAT THE VHK WOULD BE UN-
LIKELY TO CHANCE PURCHASE OF FOOTWEAR FROM NON-FINNISH
SOURCES.

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PAGE 04 HELSIN 01411 091054Z

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